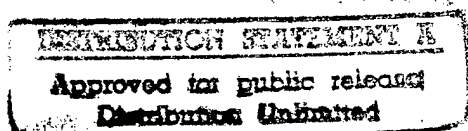


Defense Commissary Agency
FY 1998/1999 OSD/OMB Submission

Table of Contents

EXHIBIT NO.	TITLE	PAGE NO.
43ES	Executive Summary.....	1
43	Report on Information Technology (IT) Resources.....	7
43 (IT-1)	Information Technology Resources by Functional Area.....	9
	Civilian Personnel.....	10
	Core DII-Communications.....	10
	Core DII-Other.....	11
	Core DII-Value Added Services.....	11
	Finance.....	12
	Logistics.....	12
	Defense Commissary Agency Information System (DCIS).....	12
	Point of Sale-Modernization (POS-M).....	12
	Procurement/Contract Admin.....	13
	Functional Area Grand Total.....	13
43 (IT-2)	Descriptive Summary.....	14
	Defense Commissary Information System (DCIS), B20.....	15
	Point of Sale-Modernization (POS-M), B59.....	18
43 (IT-3)	FIP Resources Requirements and Indefinite Delivery/..... Indefinite Quantity Contract(s)	22
	Army Personal Computer-1 (PC-1) Contract.....	23
	Small Multiuser Computer II (SMC-II) Contract.....	24
	Army Portable-1 Contracts.....	25
	Automatic Identification Technology (AIT) Contract...	26
	Sustaining Base Information Services (SBIS) Contract.	27
	ULANA-II.....	28
YR 2000	Cost of Year 2000 Activities.....	29



DTIC QUALITY INSPECTED 3

Defense Commissary Agency

Executive Summary

FY 1998/1999 OSD/OMB Submission

DEFENSE COMMISSARY AGENCY INFORMATION TECHNOLOGY ACTIONS

The Defense Commissary Agency (DeCA) consolidated the Services' commissary support under the Department of Defense (DoD) beginning October 1, 1991. The DeCA commissary system has over 18,000 personnel working in more than 300 commissaries worldwide, generating approximately \$5.0 billion in annual sales. The savings realized by commissary patrons amount to more than twice the appropriated cost of running the system. The resulting reduction in costs is the goal Congress had in mind in directing consolidation.

DeCA delivers this valuable nonpay compensation to our service members in a cost-efficient and effective manner. DeCA's reengineering and streamlining efforts are showing dividends for the taxpayer. From a high of \$1,272 million in FY 1993, DeCA will have reduced its operating costs to \$939 million by the end of FY 1997. To accomplish this, DeCA reorganized to achieve greater efficiencies and cost reductions by eliminating duplication and centralizing such functions as contracting, category management, buying, merchandising, and distribution.

In addition, DeCA will have achieved one-time inventory savings totaling \$161 million in resale stocks with the implementation of our stateside frequent delivery system and a recently implemented system to order and receive goods for overseas stores. The inventory savings are compared to stockage levels capitalized in October 1991.

These combined reductions vastly exceed the predictions of the Jones Commission which targeted savings of \$90 million in the first 4 years of operation. These impressive accomplishments demonstrate DeCA's commitment to provide the highest quality service at the lowest cost to taxpayers. This demonstrates that when patrons are provided with a modern, pleasant shopping environment, they return to use the commissary system they have earned as indirect pay through their years of faithful service.

DeCA anticipates the modernization of business systems will present many opportunities for savings. Examples of savings we expect from these automation modernization programs include computer assisted ordering, automated coupon processing, and electronic shelf labels. Coupons will be scanned into the system so they can be electronically processed for reimbursement from the manufacturers. A significant labor intensive task will be eliminated when the electronic shelf labels are installed in our larger stores.

DeCA's Defense Commissary Information System (DCIS), a commercial-off-the-shelf (COTS) system, will provide us with management information similar to that used by the commercial grocery industry. DCIS is a Major Automated Information

Exhibit 43ES Executive Summary

Systems Review Council (MAISRC) Program. Milestone I, the Concept Demonstration Decision, was achieved in December 1993. Contract award was made to Computer Sciences Corporation (CSC) Integrated Systems Division in July 1995. Milestone II approval was achieved in May 1996.

With Point of Sale-Modernization (POS-M), DeCA purchased a standardized, proven, nondevelopmental item (NDI) computer system to support our point of sale operations. The POS-M System is also a designated MAISRC Program. Milestone I, the Concept Demonstration Decision, was approved October 31, 1994. Contract award was made to NCR Corporation on February 12, 1996. Approval to proceed to Milestone III was achieved May 1996. We anticipate Milestone III approval and fielding the system beginning in 2nd Quarter, FY 1997.

The Assistant Secretary of Defense (Command, Control, Communications & Intelligence) delegated the MAISRC oversight of DCIS and POS-M to DeCA's Automated Information System Review Council (DAISRC) on October 15, 1996.

The Standard Automated Contract System-DeCA (SACONS-D) supports our consolidation of contract execution functions within the United States. This merger permits the integration of developing requirements, logistics, and contracting functions for operational equipment, supplies, services, and subsistence in reducing acquisition costs and improving customer service.

The DeCA Automated Requisitioning System (DARTS) provides online requisition entry with electronic entry into SACS-D. DARTS provides status throughout the acquisition cycle from purchase request entry through contract award improving customer service and decreasing procurement action lead time. With full implementation of DARTS, requesting activities will have full-blown visibility of all requirements at all times throughout the process.

DeCA successfully converted to the Defense Property Accountability System (DPAS), the property accounting system for DoD, in June 1996. DeCA will use DPAS to provide maintenance utilization, report queries, depreciation of capital assets, and other property accountability functions.

Delivery Ticket Invoicing (DTI) is a great labor savings initiative implemented by DeCA and industry. DTI is a payment method where the delivery ticket serves as the supplier's invoice. DeCA made DTI payments in excess of \$3.3 billion in FY 1996.

Category management puts the right product at the right price on the shelf to meet the patron's needs. This practice has reduced our industry partners' costs and played a significant role in achieving the 29.7 percent savings reported in our 1996 Market Basket Survey.

Implementation of category management has resulted in significant sales increases where category plans were completed. Increases ranged from a low of 7 percent sales growth to a high of 35 percent. Through the end of FY 1996, the DeCA Marketing Business Unit (MBU) completed 50 of the 114 categories selected for category plans. DeCA has programmed 22 plans to be completed in FY 1997.

With assistance from DeCA's Information Technology Business Unit and the Information Resources Management Directorate, DeCA Headquarters, the MBU will pursue purchase of category management software to assist in the analysis and development of category management. In addition, the Agency will continue developing and perfecting its present category management software which provides data gathering and some analytical capabilities.

MAJOR INITIATIVES INFLUENCING THE BUDGET ESTIMATE

On September 30, 1995, we assumed several functions which the Defense Logistics Agency (DLA) used to perform for DeCA. As a result of this transfer, DeCA assumed responsibility from DLA for the requisition and distribution of resale products to be shipped overseas. DLA will continue offshore acquisitions and provide support through their Defense Subsistence Offices by purchasing our fresh fruits and vegetables from strategically located terminal markets and field crop purchase programs. Military Standard Requisitioning and Issue Procedures (MILSTRIP) requisitions for semiperishable and perishable brand name product overseas have been eliminated and replaced by the DeCA Overseas Ordering and Receiving System (DOORS). The on-hand inventory was reduced by 19 percent because of the increased frequency in ordering and the reduction in order ship time. DOORS is fully operational.

The DLA brand name supply bulletins which have been converted to DeCA Resale Order Agreements (ROAs) resulted in a 73 percent reduction in the number of contracts. The ROA simplifies the ordering and payment process and downloads price changes directly to our stores electronically from a central location, the DeCA Operations Support Center (OSC).

DeCA's Interim Business System (DIBS) will continue to support inventory management of resale subsistence, automating the ordering, receiving, warehousing, issuing, and sales reporting of resale subsistence in commissaries and central distribution centers. DIBS standardizes processes and garners savings. In FY 1997 DeCA's just-in-time delivery system for products from distributors, currently processed on personal computers, will move to DIBS to solve payment discrepancy problems.

While continuing to streamline operations as a Performance Based Organization (PBO) in 1997, DeCA will continue to make software changes to the legacy systems to meet the objectives of the PBO over the next 2 years. DeCA's bill-paying system, the Standard Automated Voucher Examination System (SAVES), will be modified to provide currency conversion capability so it can be exported to Europe to pay off-shore acquisition bills there. In 1997, DeCA will move most administrative functions from the commissaries to consolidated support centers to reduce personnel costs and posture DeCA for its objective system processes.

Major efforts will continue for both MAISRC approved programs during FY 1998. The core requirements for POS-M (front-end scanning and register equipment) will continue to be installed in DeCA commissaries with increased activity evaluating and installing optional items such as electronic shelf labels and security equipment. Completion of DCIS testing and approval to proceed with

deployment will occur in FY 1998. Phase III (the modernization of CONUS commissaries) of DeCA's communication plan (DECANET 2000 Program) will be accomplished during this same period. Our operations and business practices are similar to those of commercial grocers, which allows us to maximize the use of commercial-off-the-shelf (COTS) nondevelopmental items (NDI) to support our business needs.

The DeCANET 2000 Program is a major initiative to modernize our communications infrastructure to support our many legacy and migration/replacement business systems. A combination of Defense Information Systems Agency (DISA) and DeCA network communications provides this capability. The system will provide real-time telecommunications capabilities to all DeCA commissaries, regional offices, Operations Support Center, and Headquarters levels, as necessitated by all DeCA systems to include DCIS and POS-M.

DeCA is planning to develop a Store Records Management Imaging System (Imaging). Currently, commissaries receive a paper delivery/receipt document when a vendor delivers merchandise to the store. The imaging system will eliminate all paper documents by capturing and storing the delivery/receipt information on an optical storage medium. The information can then be retrieved electronically and will result in faster resolution of bill-paying questions. In addition, the system has the capability to interface with the DCIS and POS-M systems.

Sustainment of legacy systems (to be replaced by modernization programs) will continue throughout the period, with only essential replacement of hardware and systems modifications. These efforts will result in reduction to DeCA's information technology budget beginning in FY 1999.

This budget is prepared as a result of a worldwide review and analysis of DeCA information technology requirements and resources. For FY 1996 and FY 1997, appropriations were Defense Business Operations Fund (DBOF), Defense Working Capital Funds (DWCF), and Surcharge Collections. The concept of a single fund for DeCA beginning in FY 1998 was approved in Program Budget Decision (PBD) 419, dated December 5, 1996. As a result of this decision, the FY 1998/FY 1999 President's Budget includes a request for establishment of a separate revolving fund, the Military Commissary Fund, Defense (MCFD) effective October 1, 1997.

Estimates of personnel expenditures reflect on-board strength for fiscal years shown. Military personnel cost is computed at the equivalent civilian rate as prescribed by the budget guidance. DeCA does not require the purchase of hardware from Indefinite Delivery/Indefinite Quantity (IDIQ) contracts other than those listed in Exhibit 43 (IT-3) since we can purchase from the recently awarded POS-M and DCIS contracts.

DeCA will continue to revise projections as MAISRC programs are developed and implemented. DeCA's reengineering efforts include implementing complete changes in store and region business systems, replacing all scanning equipment, and extensive upgrading of communication equipment will affect future funding requirements.

SIGNIFICANT CHANGES IN THE INFORMATION TECHNOLOGY BUDGET

This submission reflects an increase in expenditures for FY 1997 and FY 1998 as DeCA deploys the MAISRC designated programs, POS-M and DCIS. Communication costs increase as DeCA's communication backbone is being positioned for the MAISRC programs. Communications should be substantially completed by the 2nd Quarter of FY 1999.

There is a slight increase in the FY 1996 expenditures, above the original President's submission. This increase was due to expenditures for enhancements to legacy systems in order to prepare for Year 2000 and to posture legacy systems for the modernization programs. The sustainment of DeCA's legacy systems is required as slippages in award of the modernization programs required critical upgrades to those systems to ensure continued usage.

Increases in FY 1997 over the previous submission are projected due primarily to reevaluation of costs following award and analysis of DCIS and POS-M. This is partially due to increases in communication modernization costs as schedules call for major replacement of communication equipment in CONUS facilities.

There is an estimated decrease in hardware acquisition in this submission for FY 1997 and FY 1996 from the previous President's Submission for hardware acquisition since we plan to use IDIQ contracts through another contracting activity. Therefore, we have included estimated hardware expenditures in intragovernmental payments.

There is a decreasing software requirements line in this submission since we are using a different contracting activity to award Agencywide software site licenses.

Communication services increased in FY 1996 as DeCA incurred some dual communication costs for services in the Far East and Europe, paying for leased line costs as well as for point-to-point communications.

There is an estimated decrease in other services training contracts in FY 1997 through FY 1998 since DeCA is planning to primarily train through DCIS and POS-M contractors; thus, expenditures are included in intragovernmental payments.

From the previous submission to this submission, planned software maintenance support and interface modifications in preparation for DCIS were moved from FY 1996 to FY 1997. Consolidating management support functions from each commissary into an Accounts Control Section (ACS) at region level postures DeCA for DCIS. Deploying the SAVES bill-paying system to Europe will increase accountability controls for off-shore payments.

There is a decrease from previous submissions for equipment maintenance and other support services. Estimates for FY 1996 and FY 1997 decreased from the previous submission to this year's submission as systems other than DCIS are streamlined for efficiencies. With DCIS, DeCA will reduce the number of systems

and related contracting services costs associated with those systems in the future. The Architecture Plan projects a decrease in the number of systems in the future required to support the Agency due primarily to DCIS and EDI initiatives.

This submission includes a decrease in requirements for information technology (IT) supplies in FY 1996 and FY 1997 over previous estimates. With this submission, shelf labels are no longer considered IT supplies because of the significant administrative workload required to segregate costs associated with shelf labels from other general supplies. Also, POS-M supplies are included in intragovernmental payments.

Personnel requirements are higher than initial estimates because of the development, testing, and deployment related to DCIS and POS-M. During the recent DeCA OSC reorganization, a Software Quality Division was created under the Information Technology Business Unit. This division is responsible for developing functional requirements for DeCA information systems, performing system tests, deploying systems, providing customer support, and publishing operational procedures and user manuals. This submission reflects the addition of these personnel.

In FY 1998 through FY 1999 travel requirements are anticipated to be higher because of DCIS development, testing, and integration, and POS-M deployment. Travel requirements were less in FY 1996 and anticipated to be less than originally planned in FY 1997, due primarily to the delay in award of DCIS and POS-M contracts.

Intragovernmental payments in this submission increased for FY 1996 over the previous submission in part because of start-up costs for the consolidated support centers at the regions which include expenditures over \$1 million for additional hardware in FY 1996. There is an increase in this submission for FY 1997 intragovernmental payments over FY 1996 primarily because of the use of different contracting activities for POS-M, DCIS, and other procurements. As we move into demonstration validation of DCIS, there will also be a reduction in Air Force Standard System Group personnel requirements. Recent completion of updated life-cycle cost estimates and economic analyses are reflected in Exhibit 43 (IT-2).

DEPARTMENT OF DEFENSE
Defense Commissary Agency
Report on Information Technology (IT) Resources
FY 1998 Budget Estimates
(Dollars in Thousands)

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
1. Equipment				
A. Capital Purchases	0	0	0	0
B. Purchases/Leases	879	986	604	600
Subtotal	<u>879</u>	<u>986</u>	<u>604</u>	<u>600</u>
2. Software				
A. Capital Purchases	0	0	0	0
B. Purchases/Leases	583	167	67	67
Subtotal	<u>583</u>	<u>167</u>	<u>67</u>	<u>67</u>
3. Services				
A. Communications	422	0	0	0
B. Processing	0	0	0	0
C. Other	278	315	270	289
Subtotal	<u>700</u>	<u>315</u>	<u>270</u>	<u>289</u>
4. Support Services				
A. Software	909	1,088	986	213
B. Equipment Maintenance	8,189	4,600	3,077	572
C. Other	22	25	25	25
Subtotal	<u>9,120</u>	<u>5,713</u>	<u>4,088</u>	<u>810</u>
5. Supplies	637	660	640	621
6. Personnel (Compensation/Benefits)				
A. Software	3,663	3,731	3,662	3,606
B. Equipment Maintenance	0	0	0	0
C. Processing	4,350	4,647	4,783	4,711
D. Communications	828	852	875	814
E. Other	1,458	1,376	1,529	1,547
Subtotal	<u>10,299</u>	<u>10,606</u>	<u>10,849</u>	<u>10,701</u>
7. Other (Non-FIP Resources)				
A. Capital Purchases	0	0	0	0
B. Other Current	1,033	1,188	1,567	1,571
Subtotal	<u>1,033</u>	<u>1,188</u>	<u>1,567</u>	<u>1,571</u>
8. Intra-Governmental Payments				
A. Software	13	825	895	571
B. Equipment Maintenance	211	1,742	1,878	1,400
C. Processing	423	214	215	100
D. Communications	15,331	17,834	20,809	16,439
E. Other	40,607	49,375	52,632	35,062
Subtotal	<u>56,585</u>	<u>69,990</u>	<u>76,429</u>	<u>53,572</u>
9. Intra-Governmental Collections				
A. Software	0	0	0	0
B. Equipment Maintenance	0	0	0	0
C. Processing	0	0	0	0
D. Communications	0	0	0	0
E. Other	0	0	0	0
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET IT RESOURCES	<u>79,836</u>	<u>89,625</u>	<u>94,514</u>	<u>68,213</u>
• Workyears	203	203	202	195
Non-DBOF	0	0	0	0
DBOF	203	203	202	195

DEPARTMENT OF DEFENSE
 Defense Commissary Agency
 Report on Information Technology (IT) Resources
 FY 1998 Budget Estimates
 (Dollars in Thousands)

<u>Appropriation/Fund</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
4930 DBOF Operations	14,179	15,035	15,553	15,497
8164 Surchge Coll, D	65,657	74,590	78,961	52,734
<hr/> Total By Appropriation:	<hr/> 79,836	<hr/> 89,625	<hr/> 94,514	<hr/> 68,231

NOTE 1: Military Personnel Cost in the DBOF is computed at the equivalent civilian rate as prescribed by the DBOF Guidance.

NOTE 2: FY 1995 estimates reflect a \$50 thousand investment/expense threshold, FY 1996 and beyond reflect a \$100 thousand investment/expense threshold. DBOF complies with the investment/expense threshold established by Congress which is presently \$100 thousand.

Defense Commissary Agency
Information Technology Resources by Functional Area
FY 1998/1999 OSD/OMB Submission

Index

TITLE	PAGE NO.
Civilian Personnel.....	10
CORE DII-Communications.....	10
CORE DII-Other.....	11
CORE DII-Value Added Services.....	11
Finance.....	12
Logistics.....	12
Defense Commissary Agency Information System (DCIS).....	12
Point of Sale-Modernization (POS-M).....	12
Procurement/Contract Admin.....	13
Fncional Area Grand Total.....	13

DEPARTMENT OF DEFENSE
Defense Commissary Agency
Information Technology Resources by Functional Area
FY 1998 Budget Estimates
(Dollars in Thousands)

	FY 1996	FY 1997	FY 1998	FY 1999
A. Civilian Personnel				
1. Major Systems/Initiatives				
2. Non-Major Systems/Initiatives				
3. All Other Civilian Personnel				
Development/Modernization	7	39	12	43
Current Services	56	54	56	57
Subtotal	63	93	68	100
Appropriation/Fund				
DBOF Operations	63	66	68	70
Surchge Coll, D	0	27	0	30
4. Total Civilian Personnel				
Development/Modernization	7	39	12	43
Current Services	56	54	56	57
Subtotal	63	93	68	100
Appropriation/Fund				
DBOF Operations	63	66	68	70
Surchge Coll, D	0	27	0	30
B. Core DII - Communications				
1. Major Systems/Initiatives				
2. Non-Major Systems/Initiatives				
3. All Other Core DII - Communications				
Development/Modernization	676	3,840	7,092	1,306
Current Services	16,211	15,633	15,106	16,379
Subtotal	16,887	19,473	22,198	17,685
Appropriation/Fund				
DBOF Operations	2,759	2,941	3,079	3,043
Surchge Coll, D	14,128	16,532	19,119	14,642
4. Total Core DII - Communications				
Development/Modernization	676	3,840	7,092	1,306
Current Services	16,211	15,633	15,106	16,379
Subtotal	16,887	19,473	22,198	17,685
Appropriation/Fund				
DBOF Operations	2,759	2,941	3,079	3,043
Surchge Coll, D	14,128	16,532	19,119	14,642

DEPARTMENT OF DEFENSE
Defense Commissary Agency
Information Technology Resources by Functional Area
FY 1998 Budget Estimates
(Dollars in Thousands)

	FY 1996	FY 1997	FY 1998	FY 1999
C. Core DII - Other				
1. Major Systems/Initiatives				
2. Non-Major Systems/Initiatives				
3. All Other Core DII - Other				
Development/Modernization	81	485	68	67
Current Services	1,642	2,417	2,409	2,396
Subtotal	1,723	2,902	2,477	2,463
Appropriation/Fund				
DBOF Operations	1,045	1,332	1,287	1,263
Surchge Coll, D	678	1,570	1,190	1,200
4. Total Core DII - Other				
Development/Modernization	81	485	68	67
Current Services	1,642	2,417	2,409	2,396
Subtotal	1,723	2,902	2,477	2,463
Appropriation/Fund				
DBOF Operations	1,045	1,332	1,287	1,263
Surchge Coll, D	678	1,570	1,190	1,200
D. Core DII - Value Added Services				
1. Major Systems/Initiatives				
2. Non-Major Systems/Initiatives				
3. All Other Core DII - Value Added Services				
Development/Modernization	367	1,441	637	333
Current Services	4,877	2,916	4,581	5,222
Subtotal	5,244	4,357	5,218	5,555
Appropriation/Fund				
DBOF Operations	1,548	1,570	1,603	1,849
Surchge Coll, D	3,696	2,787	3,615	3,706
4. Total Core DII - Value Added Services				
Development/Modernization	367	1,441	637	333
Current Services	4,877	2,916	4,581	5,222
Subtotal	5,244	4,357	5,218	5,555
Appropriation/Fund				
DBOF Operations	1,548	1,570	1,603	1,849
Surchge Coll, D	3,696	2,787	3,615	3,706

DEPARTMENT OF DEFENSE
Defense Commissary Agency
Information Technology Resources by Functional Area
FY 1998 Budget Estimates
(Dollars in Thousands)

	FY 1996	FY 1997	FY 1998	FY 1999
E. Finance				
1. Major Systems/Initiatives				
2. Non-Major Systems/Initiatives				
3. All Other Finance				
Development/Modernization	1,523	574	333	305
Current Services	4,463	2,575	3,601	4,928
Subtotal	5,986	3,149	3,934	5,233
Appropriation/Fund				
DBOF Operations	1,696	1,810	1,755	1,797
Surchge Coll, D	4,290	1,339	2,179	3,436
4. Total Finance				
Development/Modernization	1,523	574	333	305
Current Services	4,463	2,575	3,601	4,928
Subtotal	5,986	3,149	3,934	5,233
Appropriation/Fund				
DBOF Operations	1,696	1,810	1,755	1,797
Surchge Coll, D	4,290	1,339	2,179	3,436
F. Logistics				
Major Systems/Initiatives				
DEFENSE COMMISSARY AGENCY INFORMATION SYSTEM (DCIS)				
Development/Modernization	13,541	16,425	16,696	16,743
Current Services	0	291	458	707
Subtotal	13,541	16,716	17,154	17,450
Appropriation/Fund				
DBOF Operations	1,147	1,408	1,777	1,882
Surchge Coll, D	12,394	15,308	15,377	15,568
POINT OF SALES MOD				
Development/Modernization	19,518	29,950	30,532	8,745
Current Services	0	415	785	1,019
Subtotal	19,518	30,365	31,317	9,764
Appropriation/Fund				
DBOF Operations	1,419	1,565	1,717	1,664
Surchge Coll, D	18,099	28,800	29,600	8,100
2. Non-Major Systems/Initiatives				
3. All Other Logistics				
Development/Modernization	1,499	1,688	836	1,727
Current Services	15,052	10,420	10,843	7,075
Subtotal	16,551	12,108	11,679	8,802
Appropriation/Fund				
DBOF Operations	4,381	4,203	4,125	3,791
Surchge Coll, D	12,170	7,905	7,554	5,011
4. Total Logistics				
Development/Modernization	34,558	48,063	48,064	27,215
Current Services	15,052	11,126	12,086	8,801

DEPARTMENT OF DEFENSE
Defense Commissary Agency
Information Technology Resources by Functional Area
FY 1998 Budget Estimates
(Dollars in Thousands)

	FY 1996	FY 1997	FY 1998	FY 1999
Subtotal	49,610	59,189	60,150	36,016
Appropriation/Fund				
DBOF Operations	6,947	7,176	7,619	7,337
Surchge Coll, D	42,663	52,013	52,531	28,679
G. Procurement/Contract Admin				
1. Major Systems/Initiatives				
2. Non-Major Systems/Initiatives				
3. All Other Procurement/Contract Admin				
Development/Modernization	37	54	54	48
Current Services	286	408	415	1,131
Subtotal	323	462	469	1,179
Appropriation/Fund				
DBOF Operations	121	140	142	138
Surchge Coll, D	202	322	327	1,041
4. Total Procurement/Contract Admin				
Development/Modernization	37	54	54	48
Current Services	286	408	415	1,131
Subtotal	323	462	469	1,179
Appropriation/Fund				
DBOF Operations	121	140	142	138
Surchge Coll, D	202	322	327	1,041
Functional Area Grand Total				
Development/Modernization	37,249	54,496	56,260	29,317
DBOF Operations	3,455	3,879	3,477	2,895
Surchge Coll, D	33,794	50,617	52,783	26,422
Current Services	42,587	35,129	38,254	38,914
DBOF Operations	10,724	11,156	12,076	12,602
Surchge Coll, D	31,863	23,973	26,178	26,312
Total	79,836	89,625	94,514	68,231
Appropriation/Fund				
DBOF Operations	14,179	15,035	15,553	15,497
Surchge Coll, D	65,657	74,590	78,961	52,734

Defense Commissary Agency

Descriptive Summary

FY 1998/1999 OSD/OMB Submission

Index

TITLE	PAGE NO.
Defense Commissary Information System (DCIS), B20 ¹	15
Point of Sale-Modernization (POS-M), B59.....	18

Exhibit 43(IT-2) Descriptive Summary

¹ DCIS is considered a major AIS because it is a special interest system to DoD.

Defense Commissary Agency

Descriptive Summary

FY 1998/1999 OSD/OMB Submission

A. AIS Title and Number: Defense Commissary Information System (DCIS), B20
(Defense Commissary Agency Portion)

B. CIM Functional Area: Logistics

C. Life-Cycle Cost and Program Cost: DeCA assumed a regional-based system, a 10-year life cycle, and upgrades as necessary during the life cycle with a cost estimate based on one major upgrade (for planning purposes). Sunk Cost (actual) expenditures include personnel, travel, training, etc.

1. Then Year (Inflated) dollars

Approved Life-Cycle Cost: \$ 260.1 (in millions of dollars)

Approved Program Cost: \$ 94.0 (in millions of dollars)

2. Constant Base Year (1993) dollars

Approved Life-Cycle Cost: \$ 218.9 (in millions of dollars)

Approved Program Cost: \$ 88.0 (in millions of dollars)

3. Sunk Cost (actual): \$ 53.6 (in millions of dollars)

4. Cost To Complete (LCM): \$ 206.5 (in millions of dollars)

D. Cross Reference to Justification Books:

Revenues and expenses for this system are contained in the MCFD, FY 1998/FY 1999 justification book.

E. System Description: The expected cost benefits result in a minimum savings of \$80 Million above the cost of the DCIS over the life of the contract. DCIS is a standard system unique to DeCA and is a DoD migration system. DCIS will standardize and modernize the core administrative and operational functions of the DeCA. The objectives which DCIS will help satisfy include: reducing the cost of operating an effective, efficient commissary system; implementing a centralized buying and distribution concept for the commissary operation; improving the operating efficiency of the entire commissary operation; preserving the commissary benefit for the patron; improving the level of service to the commissary patron; providing support for delivery ticket invoicing and electronic evaluated receipts; and providing a modern technology platform to move the commissary system forward into the 1990s and beyond.

The commissary functions to be automated provide Management Information System (MIS) data on inventory management, merchandise buying, labor forecasting/scheduling, labor time and attendance, direct store delivery of merchandise, computer assisted ordering, business mail, funds management, and a decision support system.

The DCIS will have electronic interfaces with Government systems which accomplish stock fund, trust revolving fund and appropriated fund accounting and civilian time and attendance. The DCIS will also support electronic commerce with private sector grocery suppliers to accomplish ordering, delivery confirmation, and shipping notices. The DCIS will maintain commercial industry standards of performance (i.e., reliability, maintainability, and response times) found in proven commercial grocery industry systems for commercial items.

Improved effectiveness of providing the commissary benefit will result in manpower savings and savings attributable to modern, commercial systems. The system supports merchandise buying, labor forecasting and scheduling, time and attendance, electronic data interchange (EDI), store operations, and inventory management.

The DCIS will be a modern, commercial system that will permit and plan for yearly upgrades, thus keeping the installed DCIS base current with the commercial sector as industry employs new technology and practices. This will increase the operational efficiency of DeCA overall and the effectiveness of the people in the stores, regions, Operations Support Center, and Headquarters levels.

F. Program Accomplishments and Plans:

Milestones:				
Milestone	Description	Approved Schedule	Current Estimate	Approval Level
0	Concept Studies Decision	Dec 1990	Completed	IRM-RC, DeCA
I	Concept Demonstration Decision	Dec 1993	Completed	MAISRC
II	Development Decision	Summer 1994	Completed	MAISRC
III	Production Decision	Winter 1995	Fall 1998	DAISRC
IV	Major Modification Decision	Summer 1999	Fall 1999	DAISRC

1. FY 1996 Accomplishments: In FY 1996 accomplished Initial Operating Capability (IOC) site surveys, conducted requirements definition, joint application designs up to but not including critical design review. We began test and evaluation planning, training, and deployment planning.

The DCIS received Milestone I approval in December 1993, contract award in July 1995, and Milestone II approval in May 1996. Updates to the Acquisition Program Baseline, Cost Analysis Requirements Document, and Independent Cost Estimate (ICE) were completed for a scheduled Milestone II review in May 1996 and updated in August 1996.

2. FY 1997 Planned Program: Accomplishment of critical design reviews, system design, unit code, build, integration, test and evaluation, and completion of any IOC facility site location requirements. Operational test and evaluation planning will continue.

Exhibit 43(IT-2) Descriptive Summary

3. FY 1998 and FY 1999 Planned Program: Milestone III is scheduled for Fall of 1998. The system will be further deployed subsequent to Milestone III decision. Completion of Northeast Region is anticipated followed by implementation into Central, Southern, Midwest, Southwest, Northwest-Pacific, and European Regions. The system will be sustained until such time as the 5-year preplanned hardware upgrades begin.

Phase III of DeCA's communication plan (the modernization of CONUS communications) will be accomplished during this period. Sustainment of legacy systems to be replaced by DCIS will continue throughout the period, with only essential replacement of hardware and systems modification.

G. Contract Information: The DeCA issued one contract to support the ICE to The Analytic Sciences Corporation (TASC) at a cost of \$200,000 for Milestone I. The Air Force Electronic System Center conducted a subsequent ICE for Milestone II at no cost. The prime contract was awarded to Computer Sciences Corporation (CSC) Integrated Systems Division on July 31, 1995. The basic contract is for 2 years for \$24.1 million. The contract also has six 1-year options for an additional \$34 million.

H. Comparison with FY 1997 Description Summary:

1. Technical Changes: None.

2. Schedule Changes: Contract award was achieved in July 1995, contractor manpower ramp-up delays have caused some workload shifting.

3. Cost Changes: Overall life-cycle cost estimates have been refined and reflect a decrease since contract award. FY 1997 projections are for the Standard Systems Group (SSG) costs, system design, development and testing, and site surveys. For FY 1996 and FY 1997, appropriations were DBOF, DWCF, and Surcharge Collections. The concept of a single fund for DeCA beginning in FY 1998 was approved in PBD 419, dated December 5, 1996. As a result of this decision, the FY 1998/FY 1999 President's Budget includes a request for establishment of a separate revolving fund, the MCFD, effective October 1, 1997.

Defense Commissary Agency

Descriptive Summary

FY 1998/1999 OSD/OMB Submission

A. AIS Title and Number: Point of Sale-Modernization (POS-M), B59 (Defense Commissary Agency Portion)

B. CIM Functional Area: Logistics

C. Life-Cycle Cost and Program Cost: The Economic Analysis, Independent Cost Estimate, and Program Office Estimate in support of the POS-M Program have been completed and validated by OASD(PA&E). The assumptions used to calculate the life-cycle and program cost estimates are detailed in these documents and are too numerous to list. Sunk Cost (actual, not in constant base year dollars) expenditures include personnel, travel, training, etc. Cost To Complete (LCM) includes costs associated with the prior year operating and support cost estimates. A copy of these documents is available, if needed.

1. Then Year (Inflated) dollars

Approved Life-Cycle Cost: \$ 547.3 (in millions of dollars)

Approved Program Cost: \$ 123.2 (in millions of dollars)

2. Constant Base Year (1994) dollars

Approved Life-Cycle Cost: \$ 466.7 (in millions of dollars)

Approved Program Cost: \$ 115.3 (in millions of dollars)

3. Sunk Cost (actual): \$ 46.1 (in millions of dollars)

4. Cost To Complete (LCM): \$ 501.2 (in millions of dollars)

D. Cross Reference to Justification Books:

Revenues and expenses for this system are contained in the MCFD, FY 1998/FY 1999 justification book.

E. System Description: The POS-M Program is a DoD migration system. The primary purpose of the point of sale scanning systems (cash registers) is to support the customer checkout functions. This mission area is unique within DoD to DeCA. The POS maintenance refers to the current DeCA in-house scanning system supporting commissary operations. It is in the Operations Phase of AIS life-cycle management. The POS-M Program is a major initiative to completely modernize the customer checkout function within the commissaries replacing all existing POS capabilities. DeCA has maintained this hardware and software through a series of software and hardware repairs and upgrades over the past several years. The present system has reached the end of its useful life. It has become increasingly difficult and prohibitively expensive to maintain it on

a piecemeal basis through the use of one-time contractual actions as problems are identified.

A new POS-M System will standardize POS operations throughout the commissaries, modernize the functions to bring operations more in line with commercial businesses, create a more flexible systems environment, and drastically reduce the cost of maintenance.

With POS-M, DeCA is acquiring a standardized, proven, nondevelopmental item (NDI) computer system to support our point of sale operations. DeCA plans to update the entire POS System to include software, hardware, and communications links. While it may be an oversimplification, point of sale operations include the cash registers and all of the functions the computer connected to them accomplishes at the front end of the store. It is essential for the sale of goods to the customers in the commissaries. Scanning automates store checkout functions, providing the means for maintaining perpetual inventories, stocking data, pricing updates, and sales information. It also provides information to other systems such as general ledger accounting, coupons, inventory, shelf stocking, and sales. Front-end sales and data collection are the key to store operations, providing the tool that interfaces with and supports at least 80 percent of store functions. Benefits that will result from replacement of the POS System include an increase in functions, a drastic reduction in maintenance costs, and standard configuration and baselines.

The POS-M System will provide our patrons the same functionality found within the supermarket industry while providing management with real time data. This totally NDI system remains a key investment that will drastically reduce operating costs, modernize DeCA business practices, and integrate the customer checkout function with the business system.

Standardizing operations will eliminate the need to track and support different versions of the POS System since all sites will have the same hardware and software platform. Training will be easier and more efficient, since only one system will be used. Store personnel will be able to move from store to store and immediately begin work on the new POS-M System without a time lag for training. Over the life cycle of this new system, benefits gained by standardization will for the most part be intangible.

Modernizing the functions to become more like a commercial business will allow the acquisition of commercial-off-the-shelf (COTS) applications. This will reduce time and money spent on unique development, as well as allow DeCA to use an open architecture system, rather than a proprietary one. Over the life cycle of this new system, benefits gained by modernization are estimated at \$120 million.

A flexible system environment will allow the capability to adapt the POS System to the changing retail world. Functions such as electronic benefits, financial reporting, business system interfaces, plus many more, all change rapidly, and DeCA needs to be able to respond to change without costly software rewrites or hardware upgrades.

Maintenance costs will be drastically reduced by installing a new POS-M System. Hardware maintenance costs on the current DeCA systems are skyrocketing,

due to the age of the equipment, availability of parts, and multiple system configurations. The latest POS technology is personal computer based, which is much easier to maintain and support. Parts can be replaced quickly, and problem diagnosis can be done from a remote site, rather than requiring an engineer be on site. With every DeCA site configured the same, reuse of systems from closed sites to new ones is simplified. Over the life cycle of this new system, benefits alone gained by reducing maintenance costs are estimated at \$169 million.

Benefits that will result from replacement of POS scanning equipment includes standard configuration and baseline. The present POS System has outlived its system's life and thus way behind technology upgrades. Initial installment of the Air Force POS System started in 1983 and the Army's POS initial installment was in 1985.

F. Program Accomplishments and Plans:

Milestones:

Milestone	Description	Approved Schedule	Current Estimate	Approval Level
0	Concept Studies Decision	Apr 1993	Completed	IRM-RC, DeCA
0	Concept Studies Decision	Aug 1994	Completed	MAISRC
I	Concept Demonstration Decision	Oct 1994	Completed	MAISRC
II	Development Decision	May 1996	Completed	MAISRC
III	Production Decision	3rd Qtr, FY96	2nd Qtr, FY97	DAISRC
IV	Major Modification Decision	4th Qtr, FY98	4th Qtr, FY98	DAISRC

1. FY 1996 Accomplishments:

- (a) Contract award.
- (b) Received MAISRC approval to proceed to Milestone III.
- © Acquisition of nonsite related contract items (hardware not tied to specific sites and site license software).
- (d) Vendor presite and 12 full site surveys.
- (e) Vendor test-bed lab development and integrated testing.
- (f) Initiated Developmental Testing and Evaluation (DT&E).
- (g) Conducted Operational Testing and Evaluation (OT&E) concurrent with DT&E.
- (h) Deployed seven regional and one Headquarters (HQ) processing centers.
- (I) Performed 45 site surveys.
- (j) Deployed 10 Initial Operational Capability (IOC) sites.

2. FY 1997 Planned Program:

- (a) Complete DT&E and OT&E.
- (b) Obtain DAISRC Milestone III approval.
- © Site survey, training, and deployment for 165 installations.
- (d) Evaluation of additional contract line items.

3. FY 1998 Planned Program: Complete site surveys, training, and deployment for 125 installations.

4. FY 1999 Planned Program: Provide operations and support for 300 installations.

Exhibit 43(IT-2) Descriptive Summary

G. Contract Information: The POS-M contract was awarded to NCR Corporation on February 12, 1996. The base contract period is 4 years with four 1-year options.

H. Comparison with FY 1997 Description Summary:

1. Technical Changes: None

2. Schedule Changes: The program schedule slipped 60 days due to additional administrative time required to make contract award, plus an additional 30 days due to necessary COTS software modifications. Due to these delays, we deployed POS-M to 10 IOC sites in lieu of the 25 initially scheduled for FY 1996. DeCA will adjust the schedule in FY 1997 to deploy POS-M to 165 versus 138 installations as originally planned. Testing and DAISRC approvals have been adjusted to reflect this delay.

3. Cost Changes: Current program cost estimates are higher than projected due primarily to increased hardware investment costs. DeCA does not anticipate any cost increases due to delay in contract award nor as a result of the increased aggressive deployment schedule for FY 1997. However, system life-cycle costs are actually lower than projected due to less operating and support costs. Cost estimates are currently being updated to reflect recent program status to support the upcoming DAISRC Milestone III decision. For FY 1966 and FY 1997, appropriations were Defense Business Operations Fund, Defense Working Capital Funds, and surcharge collections.

For FY 1966 and FY 1997, appropriations were DBOF, DWCF, and Surcharge Collections. The concept of a single fund for DeCA beginning in FY 1998 was approved in PBD 419, dated December 5, 1996. As a result of this decision, the FY 1998/FY 1999 President's Budget includes a request for establishment of a separate revolving fund, the MCFD, effective October 1, 1997.

Defense Commissary Agency

FIP Resources Requirements and Indefinite Delivery/
Indefinite Quantity Contract(s)

FY 1998/1999 OSD/OMB Submission

Index

<u>CONTRACT</u>	<u>PAGE NO.</u>
Army Personal Computer-1 (PC-1) Contract.....	23
Small Multiuser Computer II (SMC-II) Contract.....	24
Army Portable-1 Contracts.....	25
Automatic Identification Technology (AIT) Contract.....	26
Sustaining Base Information Services (SBIS) Contract.....	27
ULANA-II.....	28

Defense Commissary Agency

FIP Resources Requirements and Indefinite Delivery/
Indefinite Quantity Contracts

User

FY 1998/1999 OSD/OMB Submission

- A. Contract Name: Army Personal Computer-1 (PC-1) Contract
- B. Description of Contract: This IDIQ contract is open to Army, DLA, and other DoD agencies for acquisition of next generation hardware and software under POSIX and DOS Operating Systems. Contractor: Sysorex.
- C. Contract Number: DAHC94-95-D-0006
- D. Estimated Contract Requirements by appropriation (\$000):

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
• DBOF Operations	0	0	0
• Surcharge Collections	<u>500</u>	<u>500</u>	<u>600</u>
Total	500	500	600

- E. Contract Data: N/A
- (1). Contract awarded to:
- (2). Contract award date:
- (3). Brand name(s) and model number(s) of primary hardware and software:
- (4). Contract duration (in years):
- (5). Contract renewal options:
- (6). Estimated value of contract:
- (7). Minimum obligation by FY:

Defense Commissary Agency

FIP Resources Requirements and Indefinite Delivery/
Indefinite Quantity Contracts

User

FY 1998/1999 OSD/OMB Submission

- A. Contract Name: Small Multiuser Computer II (SMC-II) Contract
- B. Description of Contract: This IDIQ contract will be open to Army, Navy, Air Force, DLA, FEDSIM, and other DoD agencies to support office automation and network requirements through the acquisition of Commercial-Off-The-Shelf (COTS) Firm Fixed Price (FFP) hardware, software, and services.
- C. Contract Number: DAHC94-95-D-0010 (dual award)
- D. Estimated Contract Requirements by appropriation (\$000):

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
• DBOF Operations	0	0	0
• Surcharge Collections	0	0	120
Total	0	0	120

- E. Contract Data: N/A
- (1). Contract awarded to:
- (2). Contract award date:
- (3). Brand name(s) and model number(s) of primary hardware and software:
- (4). Contract duration (in years):
- (5). Contract renewal options:
- (6). Estimated value of contract:
- (7). Minimum obligation by FY:

Defense Commissary Agency

FIP Resources Requirements and Indefinite Delivery/
Indefinite Quantity Contracts

User

FY 1998/1999 OSD/OMB Submission

- A. Contract Name: Army Portable-1 Contracts
- B. Description of Contract: These IDIQ contracts are open to Army, DLA, and other DoD agencies for the acquisition of Commercial-Off-The-Shelf (COTS) general purpose handheld and notebook computers and peripherals. Dual award: GTSI and IDP.
- C. Contract Number: (Dual Award) DAHC94-95-D-0002 (GTSI)
DAHC94-95-D-0003 (IDP)

- D. Estimated Contract Requirements by appropriation (\$000):

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
• DBOF Operations	0	0	0
• Surcharge Collections	<u>20</u>	<u>70</u>	<u>65</u>
Total	20	70	65

- E. Contract Data: N/A

- (1). Contract awarded to:
- (2). Contract award date:
- (3). Brand name(s) and model number(s) of primary hardware and software:
- (4). Contract duration (in years):
- (5). Contract renewal options:
- (6). Estimated value of contract:
- (7). Minimum obligation by FY:

Defense Commissary Agency

FIP Resources Requirements and Indefinite Delivery/
Indefinite Quantity Contracts

User

FY 1998/1999 OSD/OMB Submission

- A. Contract Name: Automatic Identification Technology (AIT) Contract
- B. Description of Contract: This IDIQ contract is open to Army, DLA, and other DoD agencies for acquisition of bar coding technology. Contractor: Intermec.
- C. Contract Number: DAHC94-94-D-0003
- D. Estimated Contract Requirements by appropriation (\$000):

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
• DBOF Operations	0	0	0
• Surcharge Collections	<u>357</u>	<u>275</u>	<u>100</u>
Total	357	275	100

E. Contract Data: N/A

- (1). Contract awarded to:
- (2). Contract award date:
- (3). Brand name(s) and model number(s) of primary hardware and software:
- (4). Contract duration (in years):
- (5). Contract renewal options:
- (6). Estimated value of contract:
- (7). Minimum obligation by FY:

Defense Commissary Agency

FIP Resources Requirements and Indefinite Delivery/
Indefinite Quantity Contracts

User

FY 1998/1999 OSD/OMB Submission

- A. Contract Name: Sustaining Base Information Services (SBIS) Contract
- B. Description of Contract: This IDIQ contract is open to all services and DoD agencies for the purchase of Commercial-Off-The-Shelf (COTS) items that meet mandatory Open Systems Environment (OSE) standards; specifically high-end servers, peripherals, software, and maintenance. Source: Loral Federal Systems.
- C. Contract Number: DAHC94-93-D-0013
- D. Estimated Contract Requirements by appropriation (\$000):

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
• DBOF Operations	0	0	0
• Surcharge Collections	<u>3000</u>	<u>3000</u>	<u>1500</u>
Total	3000	3000	1500

- E. Contract Data: N/A
- (1). Contract awarded to:
 - (2). Contract award date:
 - (3). Brand name(s) and model number(s) of primary hardware and software:
 - (4). Contract duration (in years):
 - (5). Contract renewal options:
 - (6). Estimated value of contract:
 - (7). Minimum obligation by FY:

Defense Commissary Agency

FIP Resources Requirements and Indefinite Delivery/
Indefinite Quantity Contracts

User

FY 1998/1999 OSD/OMB Submission

- A. Contract Name: ULANA-II
- B. Description of Contract: Networking components from desktop servers through communications to servers, with supporting software, is provided along with engineering services and worldwide warranty. Contractor: EDS.
- C. Contract Number: F34608-94-D-0011
- D. Estimated Contract Requirements by appropriation (\$000):

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
• DBOF Operations	0	0	0
• Surcharge Collections	<u>400</u>	<u>400</u>	<u>500</u>
Total	400	400	500

- E. Contract Data: N/A
- (1). Contract awarded to:
- (2). Contract award date:
- (3). Brand name(s) and model number(s) of primary hardware and software:
- (4). Contract duration (in years):
- (5). Contract renewal options:
- (6). Estimated value of contract:
- (7). Minimum obligation by FY:

DEFENSE COMMISSARY AGENCY (DeCA)
 Cost of Year 2000 Activities
 FY 1998/1999 OSD/OMB Submission
 (Dollars in Millions)

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
1. Equipment			
A. Capital Purchases.....	.000	.000	.000
B. Purchases/Leases.....	.083	.559	.231
Subtotal	.083	.559	.231
2. Software			
A. Capital Purchases.....	.000	.000	.000
B. Purchases/Leases.....	.038	.259	.207
Subtotal	.038	.259	.207
3. Service.....	.005	.005	.004
4. Support Services.....	.444	1.034	.551
5. Supplies.....	.051	.034	.026
6. Personnel (Compensation/493	.492	.481
Benefits)			
7. Other.....	.017	.014	.010
Total Obligation.....	1.132	2.397	1.510
Workyears.....	11	11	11